OUT LINE PLAN FOR RESEARCH STUDIES

(For approval of the topic of the thesis for admission as Post Graduate student for the degree of Doctor of Philosophy in the faculty of Commerce)

On

IMPACT OF CORRUPTION ON BELOW POVERTY LINE PEPOLES IN MARATHWADA REGION

Submitted by

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Introductions

This study is about the, how corruptions affected on poor and below poverty line peoples in India. Corruption, by itself, does not produce poverty. Rather, corruption has direct consequence on economic and governance factors, intermediaries that in turn produce poverty. As per the Transparency International (TI); Corruption is operationally defined as the misuse of entrusted power for private gain or the use of public office for private gain. In other words, use of official position, rank or status by an office bearer for his/her own personal benefit. The most shocking part of the widespread corruption in India is the fact that it is not anymore within the parameters of how TI defines corruption, it is no longer limited to politicians or the public servants, it has become very common amongst almost every section of the society at every level. Though India boasts of a high economic growth, it is shameful that there is still large scale poverty in India. It has the world's largest number of poor people living in a single country. One of the main reasons of this poverty is 'CORRUPTION'.

Corruption in the public sector " the misuse of public office for private gain" is often viewed as aggravating conditions of poverty i.e. low income, poor health and education status, this sensitivity to shocks and other characteristics, in countries already struggling with the strains of economic growth and democratic transition. (i.e. poverty to power) The corruption affects the poverty by first impacting economic growth factors which, in turn, impact poverty level.

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Hence, it is argued that there is a strong relationship between corruption and poverty. Developing countries especially India. Corruption disturbs economic growth by discouraging foreign and domestic investments, taxing and dampening entrepreneurship, lowering the quality of public infrastructure, decreasing tax revenues, diverting public talent into rent –seeking and distorting the composition of public expenditure. In addition to limiting economic growth, there is evidence that corruption also aggravates income inequality; *(i.e. income gap between poor and rich)* Explanations of this link are that corruption distorts economy and the policy frameworks allowing some persons benefit more then others; there is unframed distribution of government resources and services; corruption increases the inequality of factors ownership; and lower income households i.e. businesses pay a higher proportion of their income in bribes than do middle or upper income households. Economic growth and income inequality are important because they link corruption to poverty.

High corruption can lead to high poverty for two reasons. First, evidence suggests that a higher growth rate is associated with a higher rate of poverty reduction and that corruption slows the rate of poverty reduction by reducing growth. Second, income inequality has been shown to be harmful to growth.

Poverty in India

"Poverty" defined as an economic condition of lacking both money and basic necessities needed to successfully live, such as food, water, education, healthcare, and shelter. Lack of income security, economic stability and the predictability of one's continued means to meet basic needs all serve as absolute indicators of poverty. Poverty may therefore also be defined as the economic

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condition of lacking predictable and stable means of meeting basic life needs. The poverty in India is measured by a poverty line that is probably one of the most disputed and incessantly attacked measures in the world. The Planning Commission reported that poverty line in 2011-12 has been estimated as 25.70% in rural areas, 13.70% in urban areas and 21.90% for the country as a whole. A poverty line separates the poor section of the population from the non poor section. Those below the poverty line are deemed to be poor and those who are above it are deemed to be not poor. The World Bank reported that, the India has 33% of world's poorest people.

This study proves that how high and rising corruption increases income inequality *(income gap between poor and rich)* and poverty through lower economic growth. Government officials may use their authority for private gain in designing and implementing public policies. In this way, corruption distorts the government's role in resource allocation.

Corruption can affect income inequality and poverty through various channels, including overall growth, biased tax systems, and poor targeting of social programs as well as through its impact on asset ownership, human capital formation, education inequalities, and uncertainty in factor accumulation.

Objectives of the Study

The main objective of conducting this study is as under:

- ✓ Understanding the poverty-corruption nexus.
- ✓ To find out the opinion of poor peoples on poverty as well as corruption and its impact on poverty.

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- ✓ To find out the relationship of corruption and economic growth.
- ✓ To find out the how corruption hunts entrepreneurship especially among the small business.
- ✓ To find out the reasons for reducing the public trusts on Government which affect for increasing poverty level

Hypothesis of the Study

Considering the nature of study we have laid down the following assumptions.

- ✓ Corruption at the level of infrastructure development also affects the economic growth; which adversely affect on the poor peoples.
- ✓ Corruption discourages the foreign and domestics investments in India.
- ✓ It reduces the economic growth and increased income inequality; if income inequality increased it will also reduce the growth and thereby exacerbate poverty.
- ✓ Corruption is found to be one of the most damaging consequences of poor governance and poverty, classified by lack of efficiency, transparency and accountability.

Research Methodology

The study follows the explanatory research design. This type of research design helps explaining the effectiveness or how the impact of corruption on the poor and below poverty line persons in India. The advantage of using such research which describe; how the corruption affects on income inequality and poverty as well as how the burden of corruption falls disproportionately on low income

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individuals. Results can be generalized and information is gathered considering practical possibilities. Further quantitative approach is used.

Method of Data Collection

The study covers both the primary and secondary data:

Primary Data

The primary data will be collected by the interview method by using a structured questionnaire as well as personal interview of those persons which are below the poverty level and actually affected by corruption.

Secondary Data

Journals, magazines, National and International books in these area, various review papers as well as websites will be used for data collection.

Sampling

1] Respondents: The poor person's resident in remote areas in Maharashtra as well as some other State whose are affected by corruption.

2] Unit of study : Sample Size : 2500

Sample Design

For the study purpose the researcher has taken the total sample size of 2500 persons. The sample selected are poor person's resident in remote area in Maharashtra whose are affected by paying bribe. The respondents were selected for the study on the grounds of availability and convenience to access.

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Expected Contribution

The expected contribution can be stated as under:

1] The study helps to know how the impact of corruption on the lives of poor persons and the peoples in below the poverty level. It investigates the efficiency implication of corruptions, through its impact on investment, growth and expenditure allocation.

2] This study also find out how the higher growth rate is associated with a higher rate of poverty reduction and that corruption slows the rate of poverty reduction by reducing growth.

3] Income inequality has been shown to be harmful to growth.

4] To find out the how corruption hunts entrepreneurship especially among the small business.

5] To find out the reasons for reducing the public trusts on Government which affect for increasing poverty level

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